

Message Text

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ACTION EUR-08

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 PM-03 SP-02 INR-05

L-01 CIAE-00 DODE-00 TRSE-00 OMB-01 EB-03 /043 W

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R 261041Z FEB 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6739

INFO AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 01 OF 02 BONN 03188

LIMDIS

E.O. 11652: GDS

TAGS: EFIN, GW

SUBJ: FINANCE MINISTRY STATE SECRETARY POEHL ON IMF
AND THE NORTH/SOUTH DIALOGUE.

1. SUMMARY: IN MY FEB. 25 CONVERSATION, FINMIN STATE
SEC. POEHL EXPRESSED CHARACTERISTIC RESERVATIONS
CONCERNING TOO MUCH LIBERALITY IN DEALING WITH THE
DEMANDS OF THE THIRD WORLD. WHILE THESE VIEWS ARE NOT
ALWAYS REFLECTED IN STATEMENTS OF THE CHANCELLOR NOR
OF THE FOREIGN MINISTRY, THEY ARE NOT UNREPRESENTATIVE
OF THOUGHT WITHIN THE FINANCE MINISTRY NOR WILL THEY
BE WITHOUT EFFECT ON GERMAN POLICY MAKING. END
SUMMARY.

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2. DURING MY FEB. 25 CALL ON FINMIN STATE SEC.

POEHL, HE TOLD ME HE HAD COME AWAY SOMEWHAT DIS-
COURAGED FROM THE JAMAICA INTERIM COMMITTEE MEETING.

3. POEHL SAID THAT THE MOST UNFORTUNATE SITUATION HE
FOUND IN JAMAICA, A COUNTRY WHICH COULD BE PARADISE,
LED HIM TO WONDER WHETHER THE MUCH TALKED ABOUT
"TRANSFER OF RESOURCES" TO THE THIRD WORLD WOULD REALLY
BE OF ANY HELP. POEHL, OBVIOUSLY ALSO AFFECTED BY
RECENT DEVELOPMENTS IN AFRICA, THOUGHT THAT MANY
OF THE DEVELOPING COUNTRIES WERE "RETURNING TO THE
BUSH" RATHER THAN MOVING INTO THE MODERN WORLD.

4. HE SAID THAT THE GERMANS HAD DROPPED ANY FURTHER
THOUGHTS OF THE IMF BECOMING A WORLD CENTRAL BANK.
HE BELIEVED WE SHOULD HAVE STOOD UP HARDER AGAINST
THE THIRD WORLD AT JAMAICA, SINCE THERE WAS VERY
LITTLE THE THIRD WORLD COULD DO TO US. HE THOUGHT
THAT EVEN THE RUSSIANS WOULD EVENTUALLY RUN INTO
THE PROBLEM, SINCE THEY DID NOT HAVE THE POSSIBILITY
OF REPLACING THE ASSISTANCE GIVEN BY THE FREE
INDUSTRIALIZED WORLD. HE RECOGNIZED THAT THE DEVELOPING
WORLD HAD SOME LEVERAGE IN THAT WE WANTED TO CHANGE
THE IMF ARTICLES, BUT THOUGHT THAT THAT WOULD HAVE
WAITED TWO OR THREE YEARS, IF NECESSARY. IN THE
END, HE ADMITTED, HOWEVER, THAT THE COST OF FOLLOWING
HIS COURSE OF ACTION WOULD HAVE BEEN A BREAKUP OF
THE MEETING, SOMETHING WHICH EVERYONE WANTED TO AVOID.

5. POEHL SAID THAT IN SPITE OF THE UN RESOLUTION ON
THE SDR LINK, HE STILL THOUGHT THE FRG WOULD BE
STRONGLY OPPOSED TO THE CREATION OF NEW SDRS IN THE
NEXT TWO OR THREE YEARS. IN ANY EVENT, THERE WAS A
LEGAL LIMIT TO THE NUMBER OF SDRS THE FRG HAD TO
ACCEPT, AND IT WOULD NOT GO BEYOND THAT LIMIT. IF

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 03188

LIMDIS

PEOPLE WANTED TO ACCEPT SDRS FOR LIRA, YEN, OR ANY OTHER CURRENCY, THAT WAS ALL WELL AND GOOD; THE FRG WOULD NOT SUBJECT ITSELF TO THE INFLATIONARY FORCES OF THIS KIND. IF OTHER COUNTRIES WANTED TO ACCEPT THIS DEGREE OF INFLATION, THAT WAS THEIR OWN BUSINESS IN A WORLD OF FLOATING EXCHANGE RATES.

6. POEHL REITERATED HIS EARLIER PERSONAL VIEWS OPPOSING THE INITIATION OF A NORTH/SOUTH DIALOGUE. HE WAS OF THE OPINION THAT THERE WAS NOTHING MORE WE COULD HELPFULLY GIVE THE DEVELOPING WORLD AND CERTAINLY NOT COMMODITY AGREEMENTS.

7. POEHL RECOGNIZED THAT THE FOREIGN AND AID MINISTRIES HAD A DIFFERENT VIEW ON THE SUBJECT. HE
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SAW THIS AS A SITUATION WHICH EXISTED BETWEEN FOREIGN AND FINANCE MINISTRIES IN ALL COUNTRIES. IN VIEW OF THIS, A REORGANIZATION WAS TAKING PLACE WITHIN THE FINANCE MINISTRY TO STRENGTHEN THE ROLE OF HIS OFFICE IN HANDLING NORTH/SOUTH ISSUES IN ORDER TO AVOID BEING RUN OVER BY THE AID MINISTER AND THE FOREIGN MINISTER.

8. IN THIS CONNECTION, POEHL EXPRESSED INTEREST IN OUR RECENT ANNOUNCEMENT REGARDING ASSISTANCE TO INDIA, AND I TOLD HIM THAT OUR DECISION ON INDIA WAS BASED ON POLITICAL RATHER THAN ECONOMIC CONSIDERATIONS. POEHL EXPRESSED INTEREST IN WHAT HE DESCRIBED AS OUR

NEW POLICY OF DISCRIMINATING BETWEEN AID RECIPIENTS
DEPENDING ON THEIR POLITICAL ATTITUDE TOWARD THE
DONOR COUNTRY. HE PERSONALLY AGREED WITH SUCH A
POLICY AND THOUGHT THAT THE FRG POLICY WAS TOO
POLITICALLY INSENSITIVE.

9. COMMENT: I WOULD CAUTION AGAINST ACCEPTING
POEHL'S NEGATIVE VIEWS IN THESE MATTERS AS ALSO
THOSE OF THE CHANCELLOR. INDEED, HE MAY BE EXPRESSING
THEM TO ME OUT OF FRUSTRATION RATHER THAN FOR
ANYTHING ELSE. HIS VIEWS DO, HOWEVER, REFLECT A
POINT OF VIEW WHICH MAY BE PREVALENT IN THE FINANCE
MINISTRY AND WHICH MAY NOT ALWAYS BE REFLECTED IN FRG
RHETORIC ON NORTH/SOUTH RELATIONS. HILLENBRAND

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